

Memorandum

To: Panel Members Date: September 26, 2001

From: Ron Tagami, Manager
Peter DeMauro, General Counsel File: acn100.130agr

Subject: One Step Agreement for **America Chung Nam, Inc. (<100)**
(www.acni.net)

CONTRACTOR:

- Training Project Profile: Retraining: companies w/out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Services
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 61
 - In California: 55
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$56,700
- Substantial Contribution: \$0
- Total ETP Funding: \$56,700
- In-Kind Contribution: \$54,273
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles
- Duration of Agreement: 24 months

TRAINING PLAN:

- | | | |
|--|--------------------|--------------------|
| • Average Cost Trainee: | New Hire: \$0 | Retrainee: \$1,829 |
| • Type(s) of Training: | Computer Skills | |
| • Number to be retained: | New Hire: 0 | Retrainee: 31 |
| • Range of hours: | 43 - 108 | |
| • Range of hourly wages: | \$11.83 to \$35.09 | |
| • Prevalent hourly wage: | \$20.19 | |
| • Weighted average hourly wage: | \$21.06 | |
| • Health benefits used to meet ETP minimum wage: | No | |

SUBCONTRACTORS: N/A

THIRD PARTY SERVICES:

Hinton, Kreitor & Gronroos(HKG), LLP assisted with the design of the training plan and completion of the application for funding for an hourly fee of \$125, not to exceed \$9,500.

NARRATIVE:

Founded in 1990 with corporate headquarters in Pomona, America Chung Nam, Inc. (ACN) is a container exporter of raw material for paper manufacturing used in the recycling industry. ACN gathers waste paper (recovered fiber) from all over the world, but primarily the United States, and then exports the fiber to China and other Far East countries where it is reconstituted into paper products for sale in the Asian market. By using recovered fiber, ACN is supporting environmentally friendly paper manufacturing. This small company employs 61 Californians at its three divisions located in Pomona, Long Beach, and Wilmington. This project will retrain 31 workers from the corporate headquarters.

ACN was approved eligible for funding under Title 22, California Code of Regulations, 4416(a), retraining companies that provide services out-of-state.

The demand for waste paper is ever increasing. ACN has experienced unprecedented growth to become the second largest container exporter in the United States (only three hundred containers behind DuPont). This enviable position brings with it significant concerns. To make the most of this market dynamic and, at the same time, be able to manage the rapid growth, this small company must work more efficiently and improve accuracy to maintain customer satisfaction.

To this end, and as part of their move towards a high performance workplace, ACN has committed resources and developed strategies to replace the procedures now being performed manually or with limited, antiquated technology. All business practices will be revamped and a new, fully integrated system called Enterprise Resource Planning (ERP) will be implemented.

Because this new technology will allow the company to effectively capture and integrate data from departments throughout the company, the way workers perform their jobs will be redefined and re-evaluated as all are impacted by this radical change of technology. Each must learn how the new system affects their specific jobs as well as to be able to develop an understanding of how all company procedures will be integrated. All reports and data will now be computer-generated.

A core group of 31 current workers comprised of managers, leadpersons, and clerks will be trained under this project.

Project administrative services will be provided by the Contractor.

No executives who set company policy will be trained under this Agreement.

SUPPLEMENTAL NATURE OF TRAINING

In the past, training for this small employer consisted of on-the-job training or job shadowing for new employees with an occasional off-site training seminar for key employees.

The skills of current workers are no longer adequate to keep pace with the technical nature of the new ERP system. All jobs and responsibilities will be re-engineered to focus on the company goals of efficiency and productivity. The inherent cross-functional business procedures will now be computerized for information accessibility and seamless interaction. To drive the changes related to the implementation, managers, clerks, and leadpersons must be retrained to fully utilize the new system. The proposed training is supplemental to the skills these workers currently possess.

Training of this scope and format has not been provided to these workers before and ACN would not be able to implement this kind of project without the assistance of ETP funding.

Following training, ACN plans to pursue an environment of continuous training for all new staff and reinforcement training for existing staff.

IN-KIND CONTRIBUTION

ACN estimates that it will spend \$54,273 to cover the costs of wages and benefits paid to workers while in training.

COMMENTS:

The Contractor states their 27.7% turnover is directly attributable to the company's lack of technology. The work is currently performed using paper-based, manual systems which are extremely labor intensive and tedious. Workers are easily lured to other companies with up-to-date computer systems which can accomplish the same tasks significantly faster and more efficiently. ACN contends that the ETP-funded training to support the implementation of new technology will reduce the turnover rate of this small company to less than 20%.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement and the turnover rate if funding is available and the project meets the Panel priorities. This recommendation is based on America Chung Nam's stated need to provide its workers with skills to remain competitive, to ensure a continuing relationship with its customers, and to remain viable in the California economy.

Training Data									(c) Payment Schedule					
1	2	3	4	5 (a) Cls/Lab Video- conf.	6	7	8	9	10	11	12	13	14 (d) Wage After Reten- tion	
Job #	Occupations	Type of Training	No. Retain	Hours	CBT Hours	(b) SOST Hours	Cost Per Trainee	Total SOST Trainer Hrs.	Hrs. to Enroll/ Pay 1 Enroll	Pay 2 Compl	Pay 3 Hired	Pay 4 After 90 Days		
1 687	Manager	Direct-Employer, Retrainee<100 <i>Computer Skills</i>	1	55 55			\$1,100	0	8	\$ 275.00	\$ 550.00	\$ -	\$ 275.00	\$19.14
2 687	Manager, Leadperson, Clerk	Direct-Employer, Retrainee<100 <i>Computer Skills</i>	11	78 78			\$1,560	0	8	\$ 390.00	\$ 780.00	\$ -	\$ 390.00	\$11.83- 35.09/hr
3 687	Manager, Leadperson, Clerk	Direct-Employer, Retrainee<100 <i>Computer Skills</i>	17	108 108			\$2,160	0	8	\$ 540.00	\$1,080.00	\$ -	\$ 540.00	\$11.83- 35.09/hr
4 687	Manager	Direct-Employer, Retrainee<100 <i>Computer Skills</i>	2	43 43			\$860	0	8	\$ 215.00	\$ 430.00	\$ -	\$ 215.00	\$16.45- 35.09/hr

Contract Totals

Program Cost		\$56,700	Total to be Retained	31
Substantial Contribution (___%)	(-)	\$0		
Multiple-Empl. Support (___%)	(+)	\$0		
TOTAL ETP Funding	(=)	\$56,700		

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
27.7%	N/A		No		

Location of training: All training will be conducted on company premises in Pomona during work hours.

Ratios: The ratio of trainers to trainees for class/lab training shall not exceed 1:20 for retrainees.

If Health Benefits is "YES", please explain: N/A

Other notes:

(d) Wages by occupation after retention:

<u>Occupations</u>	<u>Wage Range</u>
Manager	\$16.45 - 35.09/hr
Clerk	\$11.83 - 18.46/hr
Leadperson	\$14.42 - 33.65/hr